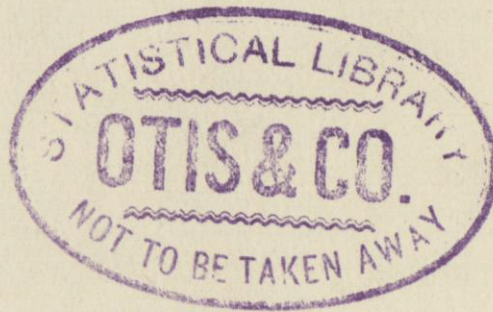


HART SCHAFFNER & MARX



Twelfth Annual Report
November 30, 1922



HART SCHAFFNER & MARX
CHICAGO NEW YORK

New York, January 22, 1923

To the Stockholders

The Board of Directors herewith submits to you the financial statement of the Company for the fiscal year ending November 30, 1922, together with the report of Messrs. Price, Waterhouse & Company, Certified Public Accountants

The Company is in a most comfortable position financially; it owes nothing for borrowed money and the major portion of merchandise bills has been anticipated. Inventories are somewhat less than a year ago and receivables have been materially liquidated, showing a healthy condition among retailers. Collections during the latter part of the year were particularly good

While it is gratifying to show an increase in profit over the preceding twelve months, this is due to absence of sharp depreciations rather than to gain from operations. Our operations produced somewhat less profit than a year ago, it being our policy to sell closely for the purpose of stimulating consumption, but the absence of heavy inventory losses gives a net result which is substantially ahead of 1921. Profits were also aided by a greater efficiency of operations.

During the war and the unsettled period immediately thereafter, it was the policy to set aside special provisions against the unusual risks inherent in the conditions then existing. The sum of \$500,000, being no longer required for the purpose for which it was originally set aside, has now been transferred to the general Reserve for Contingencies

The cash resources of the Company, due to conservative stocks and the reduction of receivables, were sufficiently large to enable the Directors, at a meeting held on November 3, 1922, to call for retirement at \$120 per share, one-half of the outstanding preferred stock, in accordance with Section 3, (paragraph d) of the Certificate of Incorporation. The statement shows the condition of business after giving effect to this retirement

Respectfully submitted

HARRY HART, *President*

BALANCE SHEET—

Assets

Good Will, Trade Names and Trade Marks

	\$15,000,000.00	
Less—Amount written off in 1920	<u>5,000,000.00</u>	\$10,000,000.00

Shop Equipment and Fixtures, including Office Furniture

	\$1,164,085.47	
Less—Depreciation reserve	<u>590,735.11</u>	573,350.36

Amounts due from employees for purchase of Company's common capital stock

174,769.40

Current Assets

Inventories of materials and finished and partly finished merchandise on hand and in transit, at cost or market whichever is lower, less reserve

\$4,960,634.15

Accounts, and bills receivable, less reserves

5,985,687.42

Sundry accounts

31,845.55

Cash in banks and on hand

1,353,339.60

12,331,506.72

Deferred Charges to Future Operations

Prepaid insurance, taxes, etc.

68,783.67
\$23,148,410.15

NOVEMBER 30, 1922

Liabilities

Capital Stock

Preferred stock 7% cumulative— Originally authorized and issued— 50,000 shares of \$100.00 each		\$5,000,000.00
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Less—Redeemed and cancelled 18,393 shares	\$1,839,300.00	
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Purchased during year 334 shares	33,400.00	
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Called for Redemption— 15,734 of \$100.00 (at Nov. 30th, 13,953 shares were surrendered and funds were in hands of Trustee for redeeming 1,781 shares.)	<u>1,573,400.00</u>	<u>3,446,100.00</u> \$1,553,900.00
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Common stock— Authorized and issued 150,000 shares of \$100.00 each		<u>15,000,000.00</u> \$16,553,900.00
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Current Liabilities

Bills payable—Bankers Loans	None	
Trade accounts payable	\$ 96,878.05	
Liability for goods in transit	267,169.50	
Accrued pay rolls, Federal and other taxes payable in 1923, etc.	884,169.69	
Preferred stock dividend, payable Dec- ember 31, 1922	<u>27,193.25</u>	<u>1,275,410.49</u>

Reserve for Contingencies		1,500,000.00
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Surplus, as per accompanying statement		<u>3,819,099.66</u> <u>\$23,148,410.15</u>
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SURPLUS AND INCOME ACCOUNT

FOR THE FISCAL YEAR ENDING NOVEMBER 30, 1922

Net Profits for Year

After deducting manufacturing, marketing,
administrative expenses and interest
on loans and provisions for deprecia-
tion of equipment, doubtful accounts
and federal taxes

\$2,141,068.46

Add balance of surplus at Dec. 1, 1921

2,880,326.28

\$5,021,394.74

Deduct—

Dividends paid and declared

Preferred stock—7%

\$209,328.01

Common stock—

First three quarters—4%

450,000.00

Last quarter—6%

225,000.00

Premiums on preferred stock
purchased or called for
redemption

317,967.07

1,202,295.08

Unappropriated Surplus

At November 30, 1922

As per balance sheet

\$3,819,099.66

Certificate of Accountants

To the Stockholders of
Hart Schaffner & Marx

We have examined the books and accounts of Hart Schaffner & Marx for the fiscal year ending November 30, 1922, and certify that the foregoing Balance Sheet and Surplus and Income Account are correctly drawn therefrom

The merchandise and materials on hand and in transit, as shown by inventories certified by the responsible officials, are stated in the balance sheet at cost or market, whichever is lower, less reserve. Liberal provisions have been made for bad and doubtful accounts receivable, discounts and for all ascertained liabilities. The cash and bank balances have been verified by actual count or by certificates from the depositaries

WE CERTIFY that, in our opinion, the Balance Sheet and relative Surplus and Income Account are properly drawn up and show the true financial position of the Company on November 30, 1922

PRICE, WATERHOUSE & CO.

Certified Public Accountants

Chicago, January 15, 1923

